



## AGM Transcript

**Event:** HSBC AGM 2026  
**Date:** 8 May 2026  
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**Friday, 8 May 2026**

**(10.00 am)**

**BRENDAN NELSON:** Ladies and gentlemen, good morning, and a very warm welcome to the 2026 Annual General Meeting of HSBC Holdings plc. My name is Brendan Nelson, and I'm your Group Chairman, and I'm delighted to have on stage with me the HSBC Board of Directors.

I want to begin by thanking all shareholders joining us today, both in person and online. We are very grateful for your continued support.

We're holding a digitally enabled AGM today, and this hybrid format has been well received over the last few years, and it gives you, our shareholders, more flexibility on how you choose to attend the AGM. Logistically it is possible that a technical issue could impact the virtual connection, and if that were to occur, we will do our utmost to fix the issue as quickly as possible. So thank you for your cooperation and your understanding.

This is the first time that I have the honour to join you as your Group Chairman, and I want to firstly pay tribute to my predecessor, Sir Mark Tucker, for his strong leadership and exemplary commitment to the Group. For my part, I'm privileged to be part of this remarkable institution and to have this opportunity to be with you for the AGM.

I will now proceed to open the voting by poll. In accordance with the company's Articles of Association, I give formal notice that I demand a poll on each of the resolutions numbered 1 to 17, as set out in the 2026 Notice of Meeting. I would like to propose, with your consent, that this notice be taken as read. Are there any objections? Thank you. Voting is now open.

We will now watch a video that includes explanations on how shareholders can vote today.

**(Video played)**

**BRENDAN NELSON:** Ladies and gentlemen, 161 years ago, on 3 March 1865, HSBC opened for business at 1 Queen's Road Central in Hong Kong. We opened a branch in Shanghai one month later, and an office in London three months after that. HSBC's founders sought to establish a bank that would facilitate local and international trade, and by not losing sight of that foundational objective, and by remaining true to our purpose and values, we are focused on what matters most: our customers, moving forward together through these most complex of times.

Today, HSBC is clear on our core strengths: investing to further develop our competitive advantages and deliver sustainable growth, with an entirely attainable ambition to be the most trusted bank globally, putting customers at the heart of everything we do. In that spirit, we invested \$13.7 billion in the privatisation of Hang Seng Bank. This marks another significant milestone in our history. We have brought together two seminal institutions that have served Hong Kong for generations, and we are absolutely committed to building on that valued legacy. While respecting Hang Seng's heritage and retaining its brand and distinct customer proposition, we will continue to invest and develop complementary strengths of our business to the benefit of our valued customers and also the communities that we serve.

Turning now to our financial performance, 2025 was a very good year for the Group, and that positive momentum continues. Indeed our first quarter results, which were announced on Tuesday of this week, provided further evidence that our growth strategy is delivering. Georges will provide a detailed update shortly, but this strong financial performance enabled us to reward you, our loyal shareholders, with material returns. In total, we returned US \$18.9 billion to shareholders in respect of 2025. The total dividend announced for 2025 was US 75 cents per share, which amounts to US \$12.9 billion; and that's an increase of 14% on 2024, if you exclude the special dividend paid following the completion of the sale of HSBC Bank Canada.

In addition, we completed two share buybacks in respect of 2025 worth a total of US \$6 billion. So dividends paid in 2025, together with more than 49% increase in the share price, delivered a total shareholder return for the year of more than 57%.

Earlier this week, at our first quarter results, we approved a first interim dividend for 2026 of US 10 cents per share. Looking ahead, the dividend outlook remains strong. Our dividend payout ratio target remains at 50%, and that excludes material notable items and related impacts, and that's for 2026, 2027 and 2028. We've also raised our ambition, and are targeting a 17% or better return on tangible equity, and again excluding notable items, and that's each year from 2026 through to 2028. We will continue to focus on the execution of our strategy, navigating the continuing global geopolitical and macroeconomic uncertainty.

The Iran conflict and its dramatic spillover in the Gulf and the broader region has added to the unpredictability with longer term implications for the global economy which faces the biggest disruption to global oil supply in history. An array of energy related prices has surged globally, reigniting inflation fears as well as growth and interest rate concerns. But as the international bank with the longest and deepest heritage in the Middle East, with roots that go back 135 years, our thoughts are with all those who are affected.

Our focus has been, and continues to be, on supporting our valued customers and partners. I'm also

thankful to our excellent colleagues who have shown remarkable resilience and carried out their responsibilities with great professionalism and dedication throughout this difficult period.

We are confident in the Gulf states, in the long-term strength, resilience, and promise of the region, and we remain invested in its future and in the opportunities that lie ahead for its people, its businesses and its economies.

Putting aside the unknowns linked to the Middle East conflict, the question is: what are the risks and the opportunities that will underpin the new networks connecting the global economy? The paradigm shift brought on by the imposition of tariffs did not lead to widespread fragmentation or deglobalisation; it triggered a reconfiguration of the globalised world, that validated the criticality of trade and brought new opportunities to the fore.

In 2025, global growth and the pace of expansion of world trade proved stronger than expected as the tariff related headwinds were offset by the significant momentum generated by investment in export growth, related principally to the entire AI ecosystem, new bilateral and regional trade liberalisation agreements, and of course the ever resilient US consumer.

World trade grew by 7%, and surpassed US \$35 trillion for the first time in 2025, supported by new trade corridors and sustained growth in services trade. With respect to 2026 and beyond, all current global growth, trade and inflation projections should be approached with considerable caution, given there are still to be fully understood and settled impacts of the Iran conflict.

Globally, headline inflation releases are showing significant impacts from higher motor fuel prices, and the longer the disruption continues, the more the indirect effects of high energy costs will lift inflation and potentially depress growth.

The counterweight to the heightened and increasing levels of uncertainty permeating the geopolitical and macroeconomic environment is the resilience of the global economy and the forward momentum generated by global trade, buoyed by new corridors and incredible innovation.

HSBC is optimally positioned to help our customers capture the meaningful opportunities that are driving the global economy forward, across geographies and throughout our unique global network.

With that in mind, we continue to focus on sustainability. Supporting our customers is core to our strategy, and financing their transition is both critical to them and aligned to our net zero ambition. This is because, like HSBC, our clients tell us that they see a successful transition as a driver of innovation, opportunity, and growth, and increasingly the basis of a stronger, more resilient, global economy.

In November 2025, we published HSBC's updated net zero transition plan, and the plan reaffirms our unchanged ambition to become a net zero bank by 2050. In our updated plan, we also set out our updated

interim financed emission targets and metrics and associated policies, seeking to remain science aligned and compatible with our net zero ambition.

We believe that supporting our customers' transition is one of the most significant roles we can play in the global transition to net zero. We aim to provide and facilitate between US \$750 billion and US \$1 trillion of sustainable finance and investment by 2030. In 2025, we provided and facilitated US \$102 billion of sustainable finance and investment, and that's a record high for HSBC; and that leverages our extensive global footprint and strategic presence in the world's most dynamic economies, and that's to drive meaningful impact where it matters most.

These investments brought our cumulative total to US \$496 billion since January 2020, putting us on track to meet our target by 2030.

So, ladies and gentlemen, to summarise, our 2025 financial performance was strong, and this has enabled us to reward you with a higher dividend, which, in addition to the increase in the share price, delivered an excellent total shareholder return for the year. I want to thank you once again for the trust and the loyalty you have shown throughout the years, and please know that the Board and the management team are fully aligned in our shared commitment to ensure that the strong financial performance and returns for you, our loyal shareholders, continue in the years to come.

So with that, let me hand over to Georges, who will discuss the actions that we are taking to make that happen. Thank you.

**GEORGES ELHEDERY:** Thank you, Brendan.

Dear fellow shareholders, a very warm welcome to all of you here in London and to those of you joining virtually.

Our AGM is one of the most significant dates in our calendar. It's a chance for you to hear from us, and for us to hear from you. We look forward to listening to your feedback and answering your questions.

Since we last gathered, the world has become more uncertain. The conflict in the Middle East is a reminder that we live in a more shock-prone interconnected global economy. HSBC has been present in the Middle East for more than 130 years. During that time, we have seen its ability to endure periods of disruption and its determination to always adapt and emerge stronger. That's why we continue to believe the years ahead will bring renewed stability, growth and prosperity.

Despite frequent shocks, the world is changing structurally. Trade flows are shifting, capital is moving along new corridors, and technology is opening up the world of new possibilities. AI is reinventing customer experience and new forms of finance are reinventing how money moves through the system. As this

happens, demand for globally connected financial services is increasing. This is especially true in the world's fastest growing regions, where the shift is now visible in both capital flows and trade. Asia is central to this. It's driving 60% of global growth and 40% of global trade. More of that trade is staying within the region. Asia is trading more with Asia, and wealth is rising, driven by an expanding middle class and a generational wealth transfer. That is why we have taken decisive action to position HSBC to capture these structural growth opportunities. Our strategy is working. The results are clear in our financial performance.

As Brendan said, I will provide a detailed update. 2025 was a strong year. We performed, we transformed, and we continued to invest for growth. Excluding notable items, we delivered 17.2% return on tangible equity. We increased revenue by 5% to US \$71 billion, and we grew profit before tax 7% to US \$36.6 billion. Our structure is now aligned with our strategy and we are investing in our four complementary connected businesses to grow.

In 2025, each business performed well, growing both revenue and deposits. In transaction banking, elevated market activity demonstrated the power of our deep international network, which gives access to 86% of world trade flows. In wealth, customers turned to us to protect and grow their assets because of our products, proposition and leadership position.

Here in the UK, we stayed close to our customers and supported the economy. Our UK business delivered revenue of US \$12.9 billion, an increase of 5%, with customer loans increasing 6% to more than US \$300 billion.

We also continued to simplify HSBC. We took actions early. We're now in a position to deliver the US \$1.5 billion of simplification saves we promised six months ahead of plan. This initiative is designed to make HSBC simple and more agile. We continue to move at pace with our exit of non-strategic or low returning activities over the medium term. This initiative is now expected to release US \$1.8 billion of incremental investment capacity, which we are already reallocating to areas of competitive strength.

We continue to focus on operating efficiency. We are eliminating complexity and increasing productivity, focussing on driving innovation and customer experience. We are also investing to deliver focused, sustainable growth. Here in the UK, in our home market, we are already seeing real results. In business banking, we are growing customer numbers, lowering attrition rates, and seeing greater advocacy. In Hong Kong, our other home market, we completed the US \$13.7 billion privatisation of Hang Seng Bank. Hong Kong is a dynamic economy, a top three global financial centre, and a thriving trade gateway. It is set to become the world's leading cross-border wealth hub by 2029. The privatisation enables us to scale capabilities and drive growth across two iconic banks by combining global reach and local depth.

We are also investing to connect the world, scaling our existing capabilities, building new ones, and supporting our customers' secure commercial advantage from new forms of finance. Our customers are now moving money in real time 24/7 across 35 markets. They are using frictionless tokenised deposits and payments for instant settlement in five markets, including the UK, the US, the EU, Hong Kong and Singapore. Many more will follow.

We are also at the forefront of financial innovation. In January this year, the UK Treasury selected our distributed ledger technology as its preferred platform for its UK digital gilt pilot; and in April this year, the Hong Kong Monetary Authority granted us the first stablecoin licence in the city. We will issue in the second half of this year.

Technology and artificial intelligence are playing a particularly important role as we build a bank designed for the future. We are integrating AI to deliver a bank-wide transformation programme to redesign processes, enhance customer experience and customer services, and drive operational leverage and resilience.

This year, we launched our firm-wide AI vision. It focuses on empowering all our colleagues to use AI in order to improve the quality and speed of their work, the target being to create a personalised experience for each customer, delivered safely in real time and at scale. It also keeps human judgment, human decision making, and human accountability at its core.

We see innovation and culture as key to our competitiveness and we are investing in both. All our senior leaders, and the broader Managing Director cohort, have attended our new group-wide leadership training. All these efforts combined are driving real momentum in the business, which is reflected in our first quarter performance.

Excluding notable items, revenues in the first quarter grew 4%, and our return on tangible equity was 18.7%. Each of our four businesses continued to grow revenue in the first quarter. Each delivered annualised return on tangible equity in excess of 17%, excluding notable items. We grew both loans and deposits in the quarter, showing that during periods of great uncertainty, our customers turn to us as a trusted partner and a source of financial strength.

We remain fully invested in the Gulf Cooperation Council's future and the many opportunities that lie ahead for its people, businesses and economy. Our customers there know they can count on us when they need it most.

In the UK, we saw continued growth in mortgages and our commercial lending book. What the last year has shown us is that we are now generating sharper, more focused business performance by being simple and agile. That is why we're building on these firm foundations and raising our ambition for the years of

2026, 2027 and 2028. Over this period, we are now targeting 17% or better return on tangible equity, year-on-year revenue growth rising to 5% in 2028, and maintaining our dividend payout ratio target at 50%. In 2025, we moved forward with clarity, discipline and conviction. This gives us confidence that we can deliver against these targets. As you would expect, we remain watchful of the macroeconomic uncertainty, and the targets are subject to a range of plausible outcomes.

So in summary, our focus is clear: to unlock HSBC's full potential. Our strategy is clear: to be simple and agile, to drive customer centricity and to deliver focussed, sustainable growth for you, our shareholders. And our ambition is clear: to be the most trusted bank globally, putting customers at the heart of everything we do.

Before closing, I would like to thank our Board of Directors, and in particular our Chairman, Brendan Nelson. His clear guidance, robust challenge, and strong oversight strengthen every decision we make. I value our partnership greatly.

I would also like to thank our customers for placing their trust in HSBC, and all my colleagues for their many valued contributions. It is their dedication, commitment and passion to deliver for our customers that truly differentiates HSBC and is key to delivering this positive performance.

Finally, I would like to thank you, our shareholders, for your ongoing support and confidence.

Thank you.

**BRENDAN NELSON:** Thank you very much, Georges.

We now turn to the formal business before us today at our Annual General Meeting. Full details of all the resolutions being tabled are included in the notice of the meeting, but I want to briefly comment on a few of those resolutions.

Resolution 3 concerns the election and re-election of Directors, and since the last AGM Wei Sun Christianson joined the Board as an Independent non-executive Director. Wei brings extensive banking and regulatory experience gained over a 30-year international career, including as co-CEO of Asia Pacific at Morgan Stanley. Ann Godbehere will be stepping down as a Director of the company following the AGM, and I want to thank Ann for her considerable contributions to the HSBC Board. On Wednesday, 6 May, we announced the appointment of Richard Meddings as an Independent non-executive Director, and of Eileen Murray as the new Senior independent non-executive Director. Both of these appointments are effective from the conclusion of today's AGM.

These changes mean that, subject to the election and re-election of Directors today, your Board will comprise of two Executive Directors, 11 Independent non-executive Directors, and me as non-executive

Group Chairman. So the Board recommends that you vote for resolution 3.

Resolutions 16 and 17 were requisitioned by shareholders on behalf of the Midland Clawback Campaign. This is an issue that the Board and the shareholders have very carefully considered many times before, and which has been convincingly rejected by shareholders in the past seven years. Our position has consistently been, and remains, that the removal of the state deduction would constitute a retrospective change that would benefit a particular group of members, and that would be unfair to other HSBC pension scheme members. So, to reiterate, our position is unchanged; we recommend that shareholders vote against resolutions 16 and 17.

We will now move to Q&A. We will be taking questions on any of the resolutions from both shareholders attending in person and virtually through the online platform; and for those shareholders asking questions virtually, please follow the instructions on the website. If you have a question that is specific to an individual customer relationship, please contact our dedicated customer support teams. The contact details are available, again, on the HSBC website.

Thank you to the shareholders who submitted their questions in advance of the meeting, or pre-registered them in the room. But if you have not pre-registered and would like to ask a question, please go to the back of the room now, where a member of the HSBC team will assist you in registering.

Some of the topics will be grouped to avoid repetition.

Before asking your question, whether in person or through the online platform, please can I ask you to state your name and confirm that you are a shareholder, or else give the name of the shareholder that you represent.

Every effort will be made to give shareholders the opportunity to ask a question if they wish to do so. But in order to allow as many shareholders as possible to participate, I would be grateful if you would please limit yourselves to one question relating to the business of the meeting, and please keep it brief and to the point.

Questions unrelated to the AGM's business will be redirected to relevant HSBC colleagues or registrars.

We aim to address as many queries as possible during the AGM, with responses provided afterwards if necessary. Questions that were submitted prior to the AGM have received a response directly, or will be addressed today at the meeting.

Can I also remind everyone who wishes to vote to do so before the end of the Q&A, as the voting will close immediately after the Q&A.

Please can we take the first question.

**THE OPERATOR:** The first question is in the room and comes from Jeanne Martin.

**Q.** Good morning, Members of the Board, and you, Mr Nelson, as your first AGM in post as Chair. My name is Jeanne Martin and I'm asking this question on behalf of ShareAction. Mr Nelson and Mr Forese, you will likely already be aware that ShareAction has recommended investors vote against your re-elections on account of HSBC renegeing on its formerly sector leading climate commitments. We understand this might be frustrating, especially in the light of our really constructive history of engagement, but it was not a decision that we took lightly. HSBC has changed the standards it uses to engage with non-EU and OECD thermal coal clients in ways that make them less clear, diluted the ambition of its decarbonisation targets, and made significant changes to its oil and gas policy at a time when climate action is urgent. The fact that the bank's definition of oil and gas infrastructure no longer covers reclassification facilities used to import LNG is particularly concerning, given the conflict in the Middle East has exposed the heightened financial risk associated with LNG.

In our view, these reversals signal a potential governance failure at Board level, where Directors have a responsibility to diligently exercise oversight of climate risks in order to safeguard long-term shareholder value. It's harder today for investors to understand the bank's risk appetite and strategic direction than it was before November 2025. If HSBC's goal is to be the most trusted bank globally, disturbing the clarity of its climate strategy will make it harder for the bank to maintain trust.

At your AGM last year, a group of 30 shareholders representing 1.42 trillion in assets asked HSBC not to backtrack and to meet with the investor group to discuss the bank's climate strategy. This has not yet happened. I was in Edinburgh last week to attend the NatWest AGM, where the bank's chair agreed to meet personally with ShareAction and a group of 19 investors to discuss NatWest's climate strategy. This was also in the context of ShareAction's recommending a vote against NatWest chair's re-election.

So my question is the following: Mr Nelson and Mr Forese, will you personally agree to meet with ShareAction and investors within the next three months to discuss our concerns in more detail and play a part in restoring trust? Thank you.

**BRENDAN NELSON:** Okay, thank you very much for your question, which you have articulated extremely well. What I'd like to say is what I said in the opening remarks: our ambition continues to be a net zero bank by 2050. Far from stepping back, we're actually leaning in to support our customer transitions, using

our extensive global footprint, and really significant internal capability to help companies transition to a lower carbon environment. That's because the way we see it is that by supporting customers, we will help the world get to a lower carbon environment much faster than if we just step back and allow another bank to come in.

We revised our financed emission targets mainly to reflect changes in the science around calculating those targets, but it wasn't meant to be a step back or a withdrawal. Far from that, it's there to provide greater clarity around what we're actually doing and whether we're achieving against those goals. When you look at the disclosures that we give, you know, we are, I believe, one of the leading banks in terms of disclosure, in terms of our approach to climate change, and the metrics that we use internally, but also we give you very detailed discussion around the procedures that we follow when we assess a credit in a company that has a carbon footprint. We prescribe the policies that we follow and the escalation procedures that we adopt in the event that there is any ambiguity around the client's commitment to a lower carbon economy. I and the Board remain confident that our direction of travel is the right one. The amount that we commit to financing transition, again, at the risk of repeating myself, we've committed to provide or facilitate between \$750 and \$1 trillion of sustainable finance and investment by 2030; and we're in 2026. By the end of 2025, we had already achieved close to half a trillion dollars in financing transition.

So I would characterise our role as one who are playing a really positive role in helping companies across many, many geographies, which is the other issue you need to understand with HSBC. Having such a large global footprint, we have customers in multiple jurisdictions, and they comply with their local regulatory and legal frameworks; and not all those countries are on the same pathway to a 2050 net zero. In fact some of the largest carbon emitters are on a 2060 to 2070 net zero. But despite our involvement in those countries, our commitment to net zero by 2050 remains the same.

As regards meetings, we do engage with you, you know that, and we have had extensive discussions. We will continue to have those discussions, but they have to be at the right level within the organisation to ensure that you get the most factual response to your questions. So we are willing to engage, we already have engaged, but I don't think a meeting with me and Jamie would add anything more to the meetings that you have already had with the senior leadership within the Group. Thank you very much for your question.

We will take the next question.

**THE OPERATOR:** The next question is in the room and comes from Nancy Ball.

**Q.** Thank you, good morning. Nancy Ball, shareholder and chair of the Midland Clawback Campaign,

representing many members of the largest section of your UK staff DBS scheme.

You will know that we are seeking the removal of the outdated, unfair, and disproportionate practice of state pension integration. I met with Aileen Taylor last year and was assured that I would be sent the details of the other sections that are subject to a reduction, depending on their various terms and conditions. This promise has not been kept.

When this dispute began back in 2017, we were advised that there were other sections that were subject to state deduction. Then recently I was advised that it is only the Midland section that has state deduction, and since then I've been told that other sections have some kind of mechanism that reduces their bank pension too. I have chased for the details, but none have been forthcoming. I was then sent a copy of the trust deed, 380 pages long, which was not helpful.

My own research has not found any reductions in any other sections, but what I did uncover was Samuel Montagu has double accrual rates and no reduction. James Capel, no reduction. Ex-London Staff Pension Fund, no reduction. Gibbs, no reduction. HSBC Global Services, not only no reduction but a continual link to salary increases.

One of your weak arguments, I'm sad to say, is that removing state deduction or clawback would be unfair to the other sections and to shareholders. However, yourself and predecessors have never provided a single shred of evidence to support your claim. Just a week ago it was reported that the bank suffered a hit of US \$400 million, being a credit impairment related to a fraud case in the UK, and I bet that wasn't caused by your lowest paid clerks and cashiers. This is a small proportion of the US \$7.5 billion the company has paid in fines in the last 25 years, and I raise this because my point being that this was not fair to shareholders, staff nor pensioners. You can absorb this cost, and it is fair to say that you could, if you were willing, remove the anachronistic state deduction once and for all.

The current DBS pension fund which is in excess by 4.4 billion, after liabilities, would be able to cover the removal of any state pension integration from all sections and probably still leave sufficient funds for your contributions to the defined contribution scheme. Would it not be considered fair to use some of the scheme's surplus and remove all state pension integration? Trust me, we are not being greedy. We would just like you to pay the promised two-third final salary pension.

So I'm asking you today, Members of the Board, and yourself, sir, as the new Chair, to please reconsider the Board's previous decision regarding state deduction. Can you please show some benevolence to those who have, in some cases, spent their lifetime working for HSBC?

The reason for my being here today is to speak for my former colleagues. Can I remind you of the example that I brought to my meeting with Aileen? Kim from Plymouth, having worked as a part time cashier for

37 years receives a monthly pension from the bank of £308.78. There is no tax liability because she is below the threshold. HSBC, you deduct £93.67, almost one-third, each month from this modest pension. I hope that, under the guidance of the new Group CEO, you will make changes to the pension scheme that will be beneficial to those that need your help the most. Pointing scheme members to the Bank Workers Charity is not the answer. The funds are there, so please use them, and make life a little more comfortable for those in retirement. This would be the right thing to do.

So just two questions for you: First, you stated in your newsletter that the removal of state deduction will be to the disadvantage of shareholders, so please explaining the disadvantage as you see it. And secondly, is it not true that this is the Midland scheme members that are at a huge disadvantage? You and those that went before you say that this is not the case, so please explain how this is so.

Thank you.

**BRENDAN NELSON:** Thank you very much for your question, and obviously, having attended the last two AGMs, I'm very well aware of the issue. I do recognise that this is a very important and emotive issue, and many of those with a state deduction devoted a significant portion of their working lives to Midland Bank.

As you know, we've engaged with the campaign group directly over several years, and listened carefully to its various representations over that time, but we've also engaged with the external independent bodies, the trustees, and also sought leading counsel's advice. It won't come as any surprise to you that I'm going to go say that HSBC's position on the state deduction does remain consistent, and the conclusion remains the same. The state deduction was introduced in 1974, and it is lawful. It is not discriminatory, and it was properly communicated to scheme members throughout.

It is an issue that the Board and the shareholders have considered very carefully many times before. Indeed I can tell you that, in the last year, a group of non-executive Directors did review it again to see if there was any new information that would suggest there should be a change in the Board's position on this.

You challenge us on this question of it would be unfair to shareholders, and you can't find any other examples of where the state deduction has applied. The answer I give to that is that you can't look at this solely through the lens of UK pension schemes. I mean, we operate in multiple countries, and there are many, many other pension scheme arrangements around the world. If we were to depart from the terms and conditions of one scheme purely on a voluntary basis, then that would create a moral obligation to look at all the other schemes which may have similar restrictions. They may not be identical, but there

may be some restrictions in another way. So it is not in the shareholders' wider interest that we do that. These were set up at a time when these type of schemes and the conditions associated with those schemes were basically common practice. We were not an outlier in the sense that we set up a scheme that was not similar to schemes that were being set up by other companies at the same time. So we were not an outlier, we followed that we believed would be industry practice. So we don't see there being any grounds to do an individual concessionary treatment here.

However, what I will say is that if there is any new information or material developments relating to the state deduction that you think we haven't considered, then we will continue to dialogue on this. So I extend that invitation to you, that if there are other aspects of this that you do not think that we have considered and that you think are relevant to the discussion around the state deduction, then we would be very happy to consider those.

So thank you once again, I am not insensitive to this issue, I do understand the depth of feeling that you and your colleagues have on it.

I'd like to finish by just saying one other thing: it is sad that in some cases there are particular hardships on individuals, and I would not dismiss the offer from the HSBC -- I mean, you call it the charity, but it is there to support colleagues who are in financial difficulty. I would encourage your friend to engage, so that we can provide appropriate support.

**Q.** I don't think it's appropriate to send people to the charity, and you're saying that you would have to look worldwide at other pensions because there may be, you know ... it's just words. You haven't answered my question. I asked you -- you've answered about the shareholders, but I asked you, sir, is it true that it is the Midland scheme members that are at a huge disadvantage? Why haven't the Board given me the information that was promised at my meeting with Aileen Taylor? What are you hiding? You don't have any answers, that's the issue. You can't answer the questions. You just keep using the old rhetoric, saying: oh but we've looked at it. I don't understand, the scheme is in excess by 4.4 billion, and you won't even make any consideration. That is a disgrace. There are ten women sat up on the Board today. Surely, surely, you must have some input, you know what it's like. It's mainly women that have been disadvantaged.

I'm sorry, Mr Nelson, this is not good enough from a Board. And I think maybe you should look at your own jobs, because, from where I'm standing, you're not doing a great job at all. Thank you.

**BRENDAN NELSON:** We'll go to the next question.

**THE OPERATOR:** The next question is an online question and comes from Yuxi Fan:

"As a shareholder I have following questions want to ask on AGM 2026. How is the plan of bank to use AI to enhance operational efficiency? Is there any use cases that can disclosure? By using AI, how much money can the bank save in a year? As a bank, how to balance benefit of use AI and risk of use AI, how to obtain regulatory permits and avoid any incidents that cause to punish from regulatory?"

**BRENDAN NELSON:** Thank you very much for the question. It's certainly pertinent to the world we live in today, with the increasing adoption of AI. Our customers increasingly expect the bank to deliver services that are uniquely aligned to their specific needs, and of course they expect these services to be delivered quickly, and that is why we're building a bank that is designed for the future.

We have three very specific goals related to AI. The first is to empower all our colleagues by giving everyone access to generative AI tools, but more importantly to train them in the adoption of those tools. Those tools are used for role specific solutions, so that work becomes faster, higher quality and more future ready. In doing that, we simplify and scale how we operate by using AI, and that helps us streamline process and policies and reduce complexity and decision time, and embed safety and controls. The adoption of AI has to go hand in glove with effective risk management and appropriate controls to ensure that it's being used properly and effectively.

To give you some examples of the areas that we use AI, we use it in the context of customer onboarding, we use it in the context of fraud detection. There is a whole series of applications that we're using AI. As we disclosed in the annual report, I think we have 100 GenAI cases in use at the moment, and then we have a pipeline of many more that we will bring into play in the coming months and years.

In terms of the quantifying the benefit coming out of AI, there are three real benefits. One is better customer experience, that the customer feels that they're engaging with an organisation that is using the latest technology and they're getting better response times and better advice in that context. Secondly, we are a more efficient organisation, so we improve operational efficiency, and that would lead to lower cost. Then there's a productivity gain as well, in terms of releasing customer-facing staff from more routine internal procedures that could be best handled by a AI application. So the outlook looks very positive for AI.

We don't specifically report an amount. We continue to invest materially in technology in HSBC, and use the opportunities afforded by AI and GenAI to increase tech productivity with tools such as coding assistance and to improve efficiencies, as I said, in areas such as onboarding, know your customer, credit applications and so on. But AI is certainly something that will feature more prominently in our annual report going forward. You will have seen in the last annual report there was a section dealing with how we're

adopting AI, but I suspect you will see that increasing as we move forward and get more involved in the AI world.

So thank you for the question, and I hope you found the answer helpful.

We'll take the next question, please.

**THE OPERATOR:** The next question was submitted online:

"My name is Simon Hughes. I am Professor of Developmental Cell Biology at King's College London and have been a shareholder for 16 years. I inherited my shares from my father, Eric Hughes, who worked for Midland HSBC for 42 years in a managerial role. Since his passing, I have regularly increased my HSBC holding to 6,368.

"I was dismayed to learn in November last year HSBC rowed back on its climate commitments. The scientific consensus is clear that we are at a critical juncture in averting the most fateful and fatal impacts of climate change. This is why I have joined 70 other academics and experts in signing an open letter to HSBC's Board calling on them to reverse this decision.

"My father was a keen nature lover and was deeply concerned about the challenges faced by British wildlife. At his funeral the collection was for the UK Wildlife Trusts, aiming to provide space for the adaptation required of our wildlife in response to climate change and other human induced challenges.

"As someone who counted cash in my father's bank as a child, worked in a summer job with HSBC while at university, a lifelong shareholder and a concerned scientist, I would like to know how HSBC justifies such a shortsighted change in direction of its sustainability strategy.

"Will HSBC commit to reversing its back tracking on its climate commitments to align with scientific consensus and preserve long-term shareholder value?"

**BRENDAN NELSON:** Thank you very much, Professor Hughes, for your question. Can I just take the opportunity to thank you for your continued investment, as well as the contributions that your father made during his long career with us.

I can only return to what I said in my remarks and to an earlier question: we do not see it the way that it's characterised. We believe that we are stepping up to our commitment to a net zero world by 2050. We have not reneged on our ambition to be net zero by 2050. We have aligned our 2030 targets, updated them in line with emerging science and technology and so on. But you look back at when these targets were first set and you look at the language we wrapped around them, there was so much uncertainty in terms of how you access the data -- because this data wasn't necessarily readily available on every client

file, so you had to access the data -- but also the methodologies that were used to determine emissions on a whole variety of industries were really not developed at all. So it's inevitable that over time, as the science becomes more accurate, then the data will become progressively more accurate, and that allows you to provide more accurate information in terms of the targets that you set, but also how you calculate the emissions that you're measuring against those targets.

So again, I would challenge that interpretation, and I would say that we are being much more progressive in terms of the way in which we approach climate change and the way in which we measure financed and facilitated emissions, and the targets that we've set for all of the individual sectors that we've identified in our annual report and accounts. We will continue to refine and update this as technology and the guidance on this develops.

We are engaged with all the major agencies that provide guidance on this, we align ourselves with all the regulatory information that comes out from different jurisdictions. We keep ourselves absolutely up to date in terms of what the latest thinking is around how you articulate a move to a net zero environment in 2050. So I just keep coming back to that same principle: we are committed to net zero by 2050. The pathway may move slightly as we progress there, but our determination and our commitment remains unchanged. Next question, please.

**THE OPERATOR:** The next question is in the room and comes from Laura Hillis.

**Q.** Good morning. My name is Laura, and I am Managing Director of Responsible Investments from the Church of England Pensions Board. We're a HSBC shareholder and a long-term pension investor. You may be aware that we're voting against the re-election of two Directors at this meeting, including your re-election as Chair, due to our concerns about HSBC weakening its climate commitments and transition plan. Your commitments on fossil fuel financing, in particular, are now weaker than both Barclays and Standard Chartered, which is a shame given your previous plan was one of the strongest in the banking sector.

I was really pleased to be able to meet with your sustainability and IR team this week, and we hope to continue the engagement with them, although I did want to add a comment which is I think it's a shame you've rejected ShareAction's offer to have a meeting. I think you might find, Mr Nelson, that an hour of your time spent with 20 or 30 of your shareholders to talk about some topics they have significant expertise in might actually be quite interesting and illuminating for you. So I would urge you to reconsider that.

But I will get to my question, which is I want to understand the link between your transition finance targets and your executive remuneration. We are supportive of linking transition finance to exec rem, we think it

really creates a good alignment between those incentives. However, best practice in transition finance requires both the project being financed and the underlying entity receiving a loan are both credibly aligned with the transition pathway. In other words an oil and gas company receiving transition finance for an eligible, say, energy efficiency project would need to also have an eligible plan and a genuine plan to transition the business at an entity level, which as we know, no oil and gas companies currently do.

So my question is: in the absence of minimum standards at the entity level for transition finance, how are you ensuring executive remuneration isn't rewarding your management for providing transition finance to companies that may be very misaligned with a credible transition pathway? Can you commit to implementing safeguards to prevent this?

**BRENDAN NELSON:** Thank you for that. As you're aware, you will have seen from our remuneration report, there is a direct link between the remuneration of Executive Directors and the climate transition. We in fact increased the percentage relating to financed emissions, so that's now 10% of total remuneration – 10% of the score card. Then we've added another 5% on the climate category as well. So 15% of the score card relates to the Executive Directors' achievement, and Operating Committee Members' achievement of our climate goals. So it is linked, and it is an important element, 15% is not an insignificant amount in terms of remuneration.

The wider question, I think, is you think that there's a risk that executives may pay lip service to our policies on climate change and turn a blind eye when it's convenient to us. I would contend that that's not the case. We have set out in some detail in the annual report and accounts, under our credit risk approach, how we approach granting of credit, particularly for those sectors where financed emissions, or emissions, are a significant element of their business. We take that very, very seriously. There are mechanisms in place for the approval of those credits to ensure that credible transition plans are evident and they have been evaluated, and that we are satisfied that the customer in question is committed to a transition plan that we believe is credible, and therefore one that we're continuing to support.

So we do take that role extremely seriously. We have escalation procedures in place to ensure that anything that is a marginal call is not a decision that is taken at the line -- executive officer for that client, but is actually escalated to much senior levels within the organisation to ensure that if there are, on the rare occasions, exceptions to be made, they're taken with the most senior executives involved in the group making those decisions.

So again, all I can do is reassure you that our commitment to this remains unchanged. We are very, very active in supporting many, many organisations across the globe in reducing their carbon footprint. We

have a very significant internal capability to support customers in doing that, and we're one of the few organisation that really has that depth of experience and expertise. We do see the role that we can play and the contribution that we can make, and we see that not as a compliance issue, we actually see that as actually positive towards our business. We want our customers to succeed, we want our customers to transition to a cleaner world, we want our customers to be successful, and we want to be there to help those customers achieve those goals. If we do that, then we all benefit. It's not in our best interest to finance declining industries, because they will ultimately go out of business, and we will ultimately lose in the end.

Our strategy has to be to help these customers move to a lower carbon economy and support them in every way we can, so that we can accelerate the transition as fast as we can in terms of offering our assistance through advice, through finance, through whatever. But if you look at our track record, I would hope you would see that we have done a lot, certainly over the last three or four years, and it's accelerating as more organisations wake up to the fact that they need to start accelerating their transition to a lower carbon economy.

**Q.** Just to say, I completely support what you're saying on both the executive rem link and also on transition finance, completely agree that's a really important role for HSBC to play. But at the moment your transition finance approach framework doesn't make it clear that you require the entity level to have a credible transition plan. It requires the project to be eligible, but it is not clear to me that you currently require the entity to have a credible transition plan. So if you are already doing that, and you're able to make that more visible to shareholders, I think that would be a great step. Thank you.

**BRENDAN NELSON:** Thank you for that, and thank you for your question.

Next question, please.

**THE OPERATOR:** The next question is in the room and comes from John Brownell.

**Q.** Good morning. I'm John Brownell, I'm representing communities from Liberia in West Africa that are impacted by one of your current clients, ArcelorMittal. These communities have repeatedly raised concerns about land grab, no free prior informed consent, environmental pollution harms or met developmental commitment. However, instead of meaningful remedy, these communities have been directed to complex corporate grievance mechanisms that have been tested and proven not to work in providing justice. This raises serious concern and questions about the client's commitment to accountability where communities lack the power and resources to navigate the complex corporate

processes.

So the question from the community would be: how does HSBC test whether clients have credibility aligned with international human rights standards, and will the Board commit to strengthening its assessment, especially in the steel mining industry, to undertake the initiative for responsible mining assurance standards, as well as ensuring that the companies undertake the voluntary principles on security and human rights as part of these standards, as part of this assessment? And finally, how does HSBC impose different due diligence on corporate versus project loans? Thank you.

**BRENDAN NELSON:** Thank you very much for your question. I can't comment on any specific companies or projects, but I can talk slightly more generally about the sector. I will try and address all the points that you have raised, maybe starting with human rights. HSBC recognises the role of business in respecting human rights, you wouldn't expect anything less from us. Our human rights statement outlines the ways in which we seek to meet our responsibility to advance the respect for human rights in our own business activities and in those of our partners.

As I've said before, in terms of emissions, we follow a clear set of sustainability and risk policies which support our ambition to align financed emissions in our portfolio to net zero by 2050. By doing that, that helps us to identify and evaluate and manage those risks related to the delivery of the sustainability approach.

You're undoubtedly aware that progress across several energy intensive sectors, including steel, has been slower and more difficult to scale for a whole variety of reasons. As we again flagged in the 2025 annual report, some clients are looking at transformative investments and further innovation. Clearly this decade will be crucial to scale and commercialise low emission steel production processes, but let me reassure you that, in any project that we're involved in, we will seek to comply with all relevant rules, regulations and laws that apply in any of the jurisdictions that we operate in. Again, we align all of these engagements with those customers against our sustainability policies, and we evaluate those against those, and again we would be seeking to ensure that any particular facility that we provide is aligned with those policies.

So all I can do is give you -- I cannot comment on a specific, but I can give you that general reassurance that in terms of human rights, in terms of the sustainability and commitment to net zero, and in terms of our own processes, where we make these judgments, that is done with very careful deliberation, with proper regard to all laws and regulations that apply, and make sure complete alignment with our approach to net zero by 2050. Thank you for your question.

Next question.

**THE OPERATOR:** The next question is in the room from Joseph Chan.

**Q.** Good morning, Chairman. I'm Joseph Chan, a small shareholder from the last Asian financial crisis in the late 90s.

My question is specifically about risk management that the company takes in order to make its investments. My concern is that recently the company seems to have lost a lot of money with respect to the financing of private credit. The other concern is with respect to Hong Kong mortgages, specifically with respect to the negative equity issues that might arise because Mainland China has reneged on the promise not to interfere with the Hong Kong market until it finally takes over in 2047. Thank you.

**BRENDAN NELSON:** Thank you very much for your question. Just dealing with the two issues, the provision that we took at the first quarter related to a fraud. Our exposure was basically a secondary securitisation exposure with a financial sponsor in the UK. Obviously we cannot comment on names, but clearly a fraud of that scale is a serious matter, and we were not very happy at the fact that we had to take a provision against it. But nevertheless, I would emphasise that it is fraud related, and not, I think, evidencing a weaker issue with the private credit market.

People have asked us what our exposure to private credit is, and it's actually very modest relative to the size of our overall loan book. In fact, private credit related names approximates to about 2% of our loan book. That's against, you know, a pretty conservative definition, and also includes committed facilities as well as drawn facilities.

In terms of residential mortgages in Hong Kong, I mean obviously we keep the position under very close review. All our commercial and residential real estate portfolios are kept under review, particularly in Hong Kong and China. We all know that they've gone through a challenging time over the past few years. The interesting thing about residential real estate in Hong Kong is the market now has picked up. If you look at the house price index in Hong Kong, that is showing that price appreciation is actually happening in the marketplace. The other thing is we're now seeing much more activity in the market in terms of transactions, we're seeing a lot more movement. Finally, we're also seeing rentals starting to move up.

So I would say in terms of the residential mortgages -- and bear in mind we are very conservative in terms of loan to value ratios, so there is enough free equity in the difference that provides protection against a significant default or a decline in property prices. But expected credit losses in 2025 were at 3.9 billion. The forecast for 2026 we've elevated a little bit, mainly because of the potential impacts of Iran and the impact of that across the wider economy, but I think we're guiding now up to about 45 basis points. If you

actually look at that compared to some of the other banks, it's actually a very credible or creditable expected loss experience.

The management of credit risk is obviously one of the most important things that we look at, and we believe that we take a very cautious approach to that. But yes, we have to acknowledge that there was one fraud related issue in 2026, but again emphasising that we don't see that as systemic, we believe it's a one-off.

Thank you very much for your question.

The next question, please.

**THE OPERATOR:** The next question is in the room, from Billie Salkeld.

**Q.** Good morning, Members of the Board, my name is Billie. I'm also here on behalf of ShareAction. Mr Nelson, you said a meeting with you and Jamie wouldn't be valuable, but we respectfully disagree with this. We agree that certain conversations around more technical aspects of HSBC's net zero strategy should be kept at the right level with your sustainability team, and indeed we've benefited from some really enriching discussions with your colleagues and learned from their expertise. However, ShareAction and investors would greatly value hearing directly from Board Members to understand your priorities for sustainable leadership and governance. I was at Standard Chartered's AGM yesterday where the Chair, Maria Ramos, agreed to have a high level discussion with us and investors, and this is in addition to the Chair of NatWest, Rick Haythornthwaite, as Jeanne already outlined. Given HSBC has placed such a great emphasis on being the most trusted bank globally, and trust is clearly wavering, as some of your institutional shareholders already predeclared votes against you and Jamie today, would you please agree to just a conversation?

I would like to add that in the past we have met with your CFO, Pam, and the previous Chair and CEO of HSBC, so this kind of meeting isn't new for us and we've greatly appreciated that dialogue. We'd really like to hear your perspective, Mr Nelson, and would welcome the opportunity to rebuild trust. Will you reconsider and agree to meet with us?

**BRENDAN NELSON:** You ask so politely, it's difficult to say no. Yes, I would be happy to meet with you, we'll do that.

**Q.** Thank you, really appreciate that.

**BRENDAN NELSON:** Thank you very much.

Charm and politeness always wins, at the end of the day. Next question, please.

**THE OPERATOR:** The next question is online and comes from Ong Wei Dong:

"In HK in the south-east Asia region, many family offices and retail investors are all in to HSBC for creating generational wealth through reinvestment of dividends. Therefore, please keep dividends high."

**BRENDAN NELSON:** Well, we'll do what we can. As I said, you know, the pay out ratio is committed to 50% for the next three years. So we'll obviously do what we can. Our goal is obviously to keep you, our shareholders, happy with your investment in HSBC, in all respects, not only in terms of financial performance, but in terms of the role that we perform in society at large. So thank you for that.

The next question, please.

**THE OPERATOR:** The next is in the room and comes from Mukesh Amin.

**Q.** Good morning. My question is related to HSBC losing 400 million. How did it happen, and why did it happen under your eyes? Can you please explain. And who are the fraudsters so we can keep an eye on them as well?

**BRENDAN NELSON:** Thank you for the question. I can't really give you any more information than what I've said previously. We can't comment on specific names, it would be completely inappropriate and I can only repeat that this was a fraud related secondary securitisation exposure with a financial sponsor in the UK, which probably means absolutely nothing to you in terms of -- but we were not a direct lender in this, but we had exposure through the financial sponsor market. Unfortunately there was a very alleged serious fraud perpetrated, and as a consequence all those who were involved in that particular facility are making provisions. Don't forget we haven't booked a loss yet, at the moment it's a provision. So there's still a long way to go before you finally determine the actual amount of the loss, but nevertheless we think it's appropriate and prudent to make a provision at this stage, which of course is what we've done.

**Q.** So is it not your obligation to make sure this doesn't happen again?

**BRENDAN NELSON:** Yes, absolutely. I mean, we have -- anything like this that happens, I can assure you there is a very thorough review of our policies and procedures to see to what extent are the lessons to be learned from us. So we are doing that, in fact have substantially completed that, you know, particularly looking at other facilities of a similar nature to see if there's any evidence that would suggest that something of the same nature as the fraud is happening. So yes, you must rest assured that this is

taken extremely seriously within the Group, right up to the Board level, and that we have conducted a thorough review and investigation to ensure that this, at least so far as we can see in all the work we've done to date, is a completely isolated incident. But there will be things that we will potentially look to address going forward. Thank you for your question.

The next question, please.

**THE OPERATOR:** The next question is in the room, from Patricia Evans.

**Q.** Good morning, Members of the Board. My name is Patricia, I'm a director of Community Energy Surrey, and I'm here with ShareAction. It has been obvious for years that climate change is a threat to people and economies globally. The best thing about humanity is it has the ingenuity and the technology to adapt and to reverse the damage, but the most terrifying thing about humanity is that we repeatedly choose not to act in our own best interests.

I was deeply concerned to learn that HSBC has backtracked on its climate commitments at such a critical time for climate action and is now taking a new approach which appears to be flawed, as the Church of England has so clearly described earlier today.

The bank has also increased its fossil fuel finance to 16.2 billion in 2024, when it was only 12 billion the previous year. I hear you saying that you have no desire to finance declining businesses, but why are you financing the ones that are causing the damage to everybody else?

The insurance industry has already recognised that climate risks are intensifying, both around the world and here in the UK. Heatwaves, floods and so forth are leading to premature fatalities, our homes and livelihoods at increasing risk of damage. Towns prone to extreme flooding in the UK are becoming uninsurable. Why wouldn't the banking sector want to urgently respond as well? Without immediate transformative action, more than half of the global economy could be lost by the late century.

I was a pensions trustee for many years. As a team, we had to look forward to a 60-year horizon. That same time frame now takes us into a world characterised by extreme weather events, preventable deaths, a world of increased financial instability that threatens everybody's pension savings.

My question is this: how can HSBC reassure pension savers and pension funds who are your shareholders that it is adequately managing climate and associated financial risks, when it has recently increased its financing to the fossil fuels sector and has rolled back on its climate commitments?

If I just may add a personal message to the Board as a whole: it's David Attenborough's 100th birthday today. I would like to ask each of you directly: do you want to be remembered as a national treasure, like Sir David, or as a disgrace like Fred Goodwin?

**BRENDAN NELSON:** Thank you very much for your question. In answering it -- you've heard my answers on previous climate related questions about our commitment, and that commitment hasn't changed. I'm not going to repeat that. What I will do is talk about how we assess forward looking climate risk, which I think is an integral part of your question, in terms of when you look to the future, how do we assess the potential threat to our business under various climate scenarios. The whole world of stress testing in this area is evolving, but you will have seen, again in the annual report, that we do provide an indication of the trajectory of expected losses under different stress scenarios against a neutral climate scenario. So you can see how elevated those expected losses might be under different scenarios, and those scenarios recognise that some of the protections that you believe exist, or do exist, in the short to medium term, may not exist in the long term.

So a very good example you highlighted was insurance. At the moment, most properties in the United Kingdom are insured, if we use the UK as an example. If in the future you can't insure a property, then that adds to the risk in terms of the lender, when he comes to lend against the property.

So the message that I am trying to give you is that we are not blind to the future, we spend more time now looking at the longer term time horizon than the short term, and we are an adaptive organisation. As Georges explained, one of the big changes that we've made to HSBC in the 18 months that he has been Chief Executive has been to make the organisation simpler and more agile, and by that I mean that we are able to respond far more quickly to the changing environment that we operate in, and through the investment that we make in increasing our technology capability, particularly with the adoption of artificial intelligence, we improve our understanding of the risks that a business like ours is likely to face in the future, and we do take the Board away for a day, two days, to spend time looking at what our business might look like in the future.

So we're not just running blindly along, financing, as I said earlier on, financing heavy carbon emitters and hoping for the best, that's not the way it works, in fact it's quite the opposite. All I can do is give you that assurance that we are very mindful of our responsibilities as an organisation, we are very mindful that the commitment to net zero by 2050 is not empty rhetoric. We make this statement publicly, and I've repeated it on more than one occasion at this meeting today.

So I would ask you to have confidence that we are not -- and I will not refer to the gentleman that you mentioned -- but we are more on the David Attenboroughs than the others.

Thank you very much for your question.

Next question, please.

**THE OPERATOR:** The next question is online from Lee Philip:

"Will HK HSBC consider lowering the HK securities trading fee so it becomes more competitive to other securities brokers?"

**BRENDAN NELSON:** I think that question's probably a bit too detailed for me, and I might ask Georges if he has an answer for that.

**GEORGES ELHEDERY:** Thank you for the question. We continuously review our fees. We aim to remain competitive, but equally remain fair, and reward the -- be able to price the activities that way that rewards the shareholders as much as it is competitive in the market for our customers, and as I did say, we will continuously review the fees and evaluate the market competitive landscape in this space.

Thank you.

**BRENDAN NELSON:** Next question, please.

**THE OPERATOR:** The next question is in the room from Isabel Gonza.

**Q.** Thank you very much. My name is Isabel Alejandra Gonza, I'm the founder and director of Global Rights Advocacy. I'm here on behalf of the family members of Ricardo Lagunes Gasca and Antonio Diaz Valencia in Mexico.

I would like to address an issue in Mexico, and it's that you are financing projects that are taking place in regions with predominance of enforced disappearances. That region, particularly Michoacan, Colima and Jalisco, holds 30% of the disappeared. We are talking about 130,000 people disappearing, and environmental disappearances there are predominant too. They have the highest number of environmental disappearances.

My question to you, because this is a problem that recently in April 2026, the UN Working Group on Enforced Disappearances has found evidence that probably we are dealing with crimes against humanity. As you know, upholding human rights in that situation, in conflict zones, where organised crime is holding, owning the place, where the commitment from your customers to rule of law would be naive to believe that it's possible, and when you have heightened a duty of due diligence, can you commit to uphold the recommendations of the UN Working Group on Enforced Disappearances to financiers to, really include in your contracts anti-disappearance clauses, zero tolerance to balance against human rights offenders?

You said in your presentation, and that really touched my heart, a picture speaks words, these two members of our communities were working to hold your customers accountable, ArcelorMittal, working with Ternium for human rights violations and impact in their land, and they disappeared for doing that.

Would you agree to work with us to make a plan to prevent more to happen, not one more? Your business, and you said this, does travel oceans. Our tragedies, and the human rights and environmental impact of your money, which your money is financing in Latin America, it's here, and we have thousands of clandestine graves under the region, with still troubles, and that's where your money travels to.

So we are looking forward to working with you to make a plan on eradicating enforced disappearances of steel sector. Thank you.

**BRENDAN NELSON:** Thank you very much for your question, you do raise some quite profound issues.

I have said earlier on, our human rights statement outlines the way in which we meet our responsibility to advance the respect for human rights in our own business activities and in those of our partners. Your reference to the UN, I mean our approach is guided by the UN guiding principles on business and human rights, and also the Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises on Responsible Business Conduct, and the reason I cite those two is because it just underlines that HSBC takes human rights seriously, and we do adhere to a robust and thorough due diligence process, complying with relevant international standards, and as a matter of course we do comply with the laws and jurisdictions of the jurisdictions in which we operate.

I believe last year you did have a meeting with our Chief Sustainability Officer and our Director of Human Rights, and I can extend that invitation to you again if you would find that meeting helpful.

Thank you very much for your question.

Next question, please.

**THE OPERATOR:** The next question is online from Mr Phillip Clarke:

"Many congratulations and thanks to the Board, management and staff for an excellent year. I am concerned about the sizable write offs relating to BOCOM in 2025 and earlier years. What is going wrong with this investment, and are we at risk of further write offs in future years?"

**BRENDAN NELSON:** Thank you for that. We remain strategically committed to Mainland China and our valued partnership of BOCOM. Obviously for accounting reasons we have to do a fair value measurement, and that will from time to time result in adjustments up or down in terms of the current value of BOCOM on

our financial statements. The important thing to emphasise is that these are non-cash movements, these are merely valuation adjustments that go through our earnings, but they're non-cash movements.

In terms of the future, I can't really comment on what might happen in the future, other than just to underpin that, you know, our relationship with BOCOM is really a very important one, it's a very valued partnership, and it just reflects our ongoing commitment to Mainland China.

Thank you very much for your question.

Next question, please.

**THE OPERATOR:** The next question is in the room from Ana Luiza Freitas.

**Q.** Thank you. Good morning to the shareholders and the Board Members. I'm Ana Luiza Queiroz, I'm an environmental and human rights defender born and raised in the west zone of Rio de Janeiro, Brazil. I'm here as a shareholder and also representing the Alternative Policies for the Southern Cone Institute and the Fair Steel Coalition, but not only those two organisations, I'm also here representing a really long struggle made by different hands to defend life in our city. I'm here to share some results of the HSBC investments in our city, and hopefully we can build together a path, flourish a path, towards justice.

In 2017, HSBC took part in a \$1.5 billion loan to contribute to Ternium, a Luxembourg-based steel and mining company, to acquire one of the biggest steel plants in Latin America, but also one steel plant already targeted by more than 200 lawsuits based in Rio de Janeiro, in our city.

After that, unfortunately, what we saw with those lawsuits, and with different testimonials and documents, the bad behaviour of the company did not stop when the acquisition happened. The polluting production model kept going on until nowadays.

So recent research shows that the company is responsible alone for more than half of the greenhouse gases emissions in our city, but not only this, other research shows that from 2010 to 2023, the company may be responsible for the emissions related to the death of more than 1,700 people in the neighbourhood where the company is operating.

Also it's important to remark here that only in 2023, more than 30% of child death in the area was directly related to health issues caused by the poor quality of the air, basically air pollution. So those kind of harms are not restricted to the residents of the neighbourhood, we are also talking here about the strong effects on the health of the workers.

A recent lawsuit from the nutritionists union shows that all the workers are now affected in acquiring chronic breath diseases. Also another concern shown on this lawsuit is about the mental health of the workers because of the toxic environment in that plant that was run by Ternium with your help with the loan that

you took part in.

I would like just to highlight that all that data was not produced by us, we are sharing this but it's all public data and circulated in really credible newspapers in our town, and I will be glad to share that information with you.

Regarding this, with deepest concern we would like to ask: why did HSBC finance this acquisition despite already known evidence about the harmful health impacts of coal-based steel production? I think this is a really important question related to your climate commitments, as you already shared.

The second one is: what grievance mechanism do you, the bank, offer to bring remedies to public health issues caused by your investment?

The third one is a really important one for us: will HSBC commit to ending any future financial support to Ternium and engage in remedy and accountability processes aligned with the OECD guidelines?

Thank you.

**BRENDAN NELSON:** Okay, I think you asked three questions.

The one on this particular financing that you referred to going back to 2017, I can't really comment on that. What I can do is go back on what I've said before, that the approach we take clearly is designed to ensure that human rights are protected and that the company is not an uncommitted polluter of the environment, with no transition plan to reduce emission, whether they're affecting the ozone layer or whether they're creating a toxic environment that is affecting public health. Again, I think I did say that certain sectors are proving more challenging in order to reduce the scale of their emissions.

So again, all I can do is commit to how we deal with this going forward, how we ensure that we take a completely responsible approach to such -- you call them investments, but financings -- as I said in our approach to facilitated and financed emissions.

In terms of remedies for public health, I mean that is beyond what banks do, I mean obviously we're very concerned if people do feel that the environment is being polluted in some way, but I think that's a matter, really, for the local authorities and the local governments to address.

In terms of going forward, again all I can do is reassure you of our commitment to net zero for 2050 and the targets that we've set for 2030, and that, you know, you will see some fluctuation in those emissions, or the emission intensity, because they are very sensitive to volatility and client exposure.

But again, all I can do is re-emphasise our commitment to meet those targets by 2030, and ultimately to become a net zero bank by 2050.

We're coming towards the end of the Q&A, and we will be closing voting shortly, so I will take one or two

more questions.

**Q.** Sorry, just a quick comment on that.

Sorry, I will politely disagree with the statement that only the government should be responsible for the effects. I think the bank should be responsible and hold accountability for the effects of the investments that you do.

But also I would like to give you another question: is it possible for us to have a meeting and discuss the criteria of the risk assessments that you are doing, and also showing this as a goodwill of a concrete action of this huge commitment to reach net zero by 2030? Thank you.

**BRENDAN NELSON:** Yes, I'm happy to offer a meeting with our Chief Sustainability Officer, who will be happy to meet and discuss this further with you.

Next question, please.

**THE OPERATOR:** The next question is in the room from Dr Daniel Brayson.

**Q.** My name is Dr Daniel Brayson, it's a pleasure to speak to you, Mr Nelson, and the Board today.

I'm a Senior Lecturer in Biochemistry and Physiology at the University of Westminster, and I research the impact of increased heat on human heart health. At the risk of sounding like a broken record, I'm going to talk about your climate rollbacks to a certain degree, but actually I want to take it in a slightly different direction.

We know that the impact of heat on human heart health is profound, especially in vulnerable populations, and research has shown that cardiovascular disease related mortality increases by 11 to 12% during heatwaves, which as we are all too aware, are becoming increasingly commonplace on a global scale. This is not a future problem, this is a now problem, and I just wonder whether or not net zero 2050 is enough, and whether there's something there to be reviewed.

You talked earlier about the emergence of data and modelling, and being adaptive to the emergence of data, but the data consistently tell us that net zero 2050 probably won't be enough to prevent the collapse of the Atlantic Meridional Overturning Circulation. Once that happens, that's the sea currents that determine the quite mild climate that we have here in the UK. If we have the collapse of AMOC, as it's called for short, we will in fact have a profound change in the climate of the UK, a profound change that the housing stock in the UK is not equipped to deal with.

So this is why I have joined 70 other leading academics, including Professor Simon Hughes who you got an online question from earlier, in urging you to reverse your backtracking on your climate commitments,

and I would welcome actually personally delivering this open letter that's been signed by 70 leading academics to you.

But ultimately my question is this: how would you like to respond to the 70 expert signatories, and will you fulfil our ask and reverse HSBC's backtracking, and will you in fact review net zero 2050, because in fact net zero 2050's not going to be enough?

I think the finance sector has a huge role to play in saving the environment for climate breakdown. In fact I think it's more important than governments. Will you be a leader in this space and propose new targets that will in fact save us from ultimate climate breakdown and the health impacts that come from that?

We will have so many more deaths if we have a climate which is much more like New York than the UK, because of the housing stock. We will have people dying in their homes of bitter cold in the winters. We will have them dying of heat stroke in the summers.

So this is what I propose to you, Mr Nelson. Thank you.

**BRENDAN NELSON:** Thank you very much, Dr Brayson, for your question.

Again, I don't want to go over the answer I've given before, but try and give you a different perspective on this. If you look at our own emissions, I mean we are planning to be net zero a lot earlier than 2050, we'll be substantially net zero by 2030. So as far as HSBC is concerned, operating in 57 countries, employing 200,000 staff, we will be close to net zero by 2030. So in terms of our own direct contribution to a lower carbon environment, we are on a pathway much earlier than 2050.

2050 is basically a reflection of the decisions taken by governments around the world in terms of how they're encouraging their own commercial and private sector to achieve a lower carbon environment, and in a sense we can only go as fast as companies are prepared to go themselves. We clearly try to encourage and promote a faster transition to a cleaner environment as best we can, and we will continue to do that, but we cannot force or mandate a company to go faster than the laws or regulations of that country have stipulated.

You could say, well the alternative is we just walk away, which is an option, and there are occasions when we will walk away, don't let there be any misunderstanding on that. But to do blanket walks away from sectors serves no purpose whatsoever, because all that will happen is this will go on to somebody else's balance sheet that don't necessarily have anything like the scale and capability that we have to help companies move to a lower carbon environment faster, or as fast as they possibly can.

Whilst I fully respect the views of yourselves and your colleagues, we've not stepped back, we're not reneging; in fact I believe, and the Board believes, that we're doing the opposite. We have to be

a significant player in this, we have a 3 trillion-dollar balance sheet, we're probably one of the top three global financial institutions, and therefore we see we have to be responsible citizens and do the job that we think we can do to help the world to get to a better place.

So I fully take on your points, fully understand where you and your colleagues are coming from, but would ask you to look at us through a slightly different lens, that we need support to continue doing the job we are doing, rather than being seen as somebody who's walking away from a commitment to get to 2050 net zero.

If we get to 2050 net zero, it would be fantastic, but if the world doesn't change and introduce a faster transition in different countries, very difficult for HSBC to take on the role of the world's moral leader in this and walk away from critical industries that depend on finance to support living standards in countries across the world.

Thank you very much for your question.

We're getting close to the end, I'll take one more question.

**THE OPERATOR:** The next question is online from Mr Michael Douglas Fuller:

"Given the recent credit losses and the slimming down of parts of the bank, are you confident that you still have the technical skills and experience to effectively manage private credit risks and the associated leverage, counterparty, and layered risk?"

**BRENDAN NELSON:** The short answer to that is yes. As I said earlier on, following the incident with this particular facility, we've done a complete review of the highest risk areas of the portfolio, and we haven't identified any comparable fraud concerns. We are updating our risk appetite and incorporating lessons learned from the due diligence process.

But private credit overall, just to be clear, remains an area in which we're comfortable, but again, at 2% of our total loan book, it's not a significant growth driver in our plan.

I'm going to take one more question, and then we do have to ...

**THE OPERATOR:** The next question is in the room and comes from Eduardo Mosqueda.

**Q.** Good afternoon, I'm Eduardo Mosqueda, I'm from Mexico on behalf of the Fair Steel Coalition and also here with ShareAction. My question is about risk management. ArcelorMittal, Ternium, companies of the steel sector, are thriving in a region where a macro-criminality phenomenon has happened. This means that they are working in a place where capture of estate, corruption, bribery, are happening. Government

corruption, companies and organised crimes, such as the Cartel Jalisco Nueva Generacion, who is a terrorist organisation, are aligning to do business.

One example of this is how they are spending, ArcelorMittal, thousands of millions for the Trump ballroom in the United States. The victims are the people, human rights defenders and nature. Several defenders have been killed and disappeared in this region in Mexico and in other places.

My question is: what is HSBC's position and actions to lower risk on your clients operating in macro-criminality jurisdictions, where attacks on communities, corruption, capture of estate, happen? Are you willing to have a meeting with us to improve these standards and to make it happen?

**BRENDAN NELSON:** Thank you for your question, and I think it does repeat a number of points that have been raised before, and again, at the risk of repeating myself -- again, all I can do is emphasise that we take human rights extremely seriously, we take the environment extremely seriously. I think I've offered a meeting with the Chief Sustainability Officer to your colleague, so we're happy to take a further discussion on that, but rest assured that this is something that we will continue to ensure that everything that we do passes all the standards and expectations in the different jurisdictions that we operate in, but we do recognise that there are some jurisdictions that are particularly challenged in certain areas, and we do everything we can to mitigate the impact of those challenges on our involvement.

But nevertheless you can share your further concerns with our Chief Sustainability Officer at a later date.

What was that? I didn't hear that. I'm sorry I can't hear you.

**Q.** I'd like to have a quick word with Georges before the meeting ends. It's sort of semi-important. If I can before he goes off, thank you.

**BRENDAN NELSON:** Okay, I'll leave Georges to handle that.

Thank you all very much indeed for your participation today. We've covered a wide range of topics, but I'm now going to bring the Q&A session to an end at this point. If you don't think that your question has been answered during the meeting, or outside of the meeting, please contact us in the ways that have been set out in the notice of the meeting. Any questions submitted that we've not been able to address in the meeting will receive a written response.

I will now proceed to close the voting by poll. Please can I check that everyone who wishes to vote has done so. This is the last call for voting.

Okay, ladies and gentlemen, voting is now closed, thank you.

I'd really like to thank you for your presence and engagement today, whether in person or virtually, and for

your continued support of HSBC. You will be well aware that some AGMs have been disrupted by protesters and so on, which hasn't really helped at all in terms of the proper functioning of the meeting, and I do want to extend my personal thanks to all of you in the way in which you've respected the rationale for the meeting and for the way in which you've conducted yourselves. The Board and myself are extremely appreciative of that.

We do greatly value your constructive engagement and your questions on topics that matter most to you, and the points that you've made have landed and resonate with us, and I hope I've provided some explanation of where the Group stands on this.

I'd also like to thank my fellow directors for attending the meeting. Again, it is the full Board of HSBC that is sitting here with you today and not just a selection of Board Members.

The results of the voting will appear shortly, and the final results, verified by our registrar, and reflecting all votes cast, will be announced to the London Stock Exchange and will be published later today on the HSBC website.

I'm told the voting results are ready. Can we show the voting results, please. As you can see, all resolutions have passed except resolutions 16 and 17, which have failed, in line with the Board's recommendations.

Ladies and gentlemen, that concludes our formal business. For those of you that are present in the room, can we please ask that you leave your voting handsets on your seat when you leave. Many thanks again for joining us. I wish you a very pleasant rest of the day.

Thank you very much.

**(12.05 pm)**